



My name is John Mitchell. I am the Administrator for the Grant County Hospital which is a Critical Access Hospital. St. Elizabeth Grant is a 25-bed hospital serving close to 43,000 inpatients and outpatients annually. Like all St. Elizabeth facilities, we are the safety net hospital for the community we serve and have been serving the community for over 50 years. In 2013, St. Elizabeth Grant provided over \$1.4 million in charity care and experienced a loss of over \$4 million on care provided to patients with Medicaid. The percentage of our patients that are Medicaid, Medicare, or uninsured is over 88%. As Garren Colvin mentioned, the CON process is a stabilizing force in the marketplace allowing this facility and other rural hospitals throughout Kentucky to continue to be able to meet the mission of providing care to all those who come to our door. We are concerned that if CON is significantly altered that there will be competitors interested in coming into the market that will only be interested in serving those with commercial insurance or in only providing the profitable services such as ambulatory surgery or imaging. These services typically provide positive operating margins for rural hospitals and the loss of such services could destabilize the financial viability of these small hospitals. This will leave a greater burden on our facilities to try to provide care to all those who seek care in our community.

St. Elizabeth Grant is the key healthcare provider in Grant County, providing 24/7 emergency care, comprehensive diagnostics, primary care clinics, access to specialty care and specialty procedures. As indicated in the study produced by Dan Sullivan for the Kentucky Hospital, rural hospitals are the primary recruiters of physicians to smaller communities. This is absolutely true at St. Elizabeth Grant County. We have been able to recruit many physicians to serve the area over the last thirty years. In addition, by affiliating with S. Elizabeth Healthcare, we have been able to bring 25 specialists to our community to see patients in Grant County. Without rural hospitals, physician coverage in our area and many of the rural areas would be severely reduced.

In addition to bringing specialists to our community, we are also able to provide important services like chemotherapy and wound care in Grant County, thereby reducing travel times for patients. We are able to have an electronic medical system because of this affiliation. In addition, we have participated in a telepsychiatry program that allows psychiatrists to examine and make recommendations for Behavioral Health patients entering the Emergency Departments. We also participate in a telestroke program. These are examples of the types of innovative practices that are needed to help bolster the care that is available in a rural hospital. Eliminating or changing CON is not needed to accomplish these types of innovations.

As indicated in the KHA CON study, nearly half of Kentuckians (45%) live in a rural area and are served by Kentucky's 65 rural, acute care hospitals. Twenty-eight of these hospitals are designated as critical access hospitals (CAH), a special designation by the Centers for Medicare

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and Medicaid Services (CMS) for small and rural hospitals with a limited number of beds. These CAHs are essential to their local communities. St. Elizabeth Grant is one of these essential hospitals.

Rural healthcare is in a very delicate situation and we operate very close to the margin. Rural hospitals like St. Elizabeth Grant already face significant financial challenges. Government payers (Medicare and Medicaid) account for 81% of patient volumes, yet payments from Medicare and Medicaid fall short of covering the cost of care. In addition, 7% of our patients are self-insured. Rural hospitals have very little commercial reimbursement in comparison to government payers and charity care to offset the substantial revenue losses. The elimination of CON regulation could shrink the base of commercial payers even further because such patients would be the target of newly developed facilities in an unregulated market.

Like other St. Elizabeth facilities, we have seen an increase in the number of Medicaid patients and a subsequent decrease in the number of uninsured. This has helped cover some costs that were previously not covered, however, because this has been a shift and not an increase in the need for care, access has not been an issue. CON helps assure access to low-income patients. If CON didn't exist or is loosened, access will become an issue.

One suggestion that could assist rural healthcare providers through modernization of the CON process is to allow Critical Access Hospitals to transition to ambulatory care centers with freestanding emergency departments and a continuation of existing outpatient services that fall under the State Health Plan e.g. MRI or ASCs or Rehab Services with one CON application. Currently to accomplish this transition, the hospitals must submit a CON for each of the services individually. This proposal is currently being discussed and is supported by St. Elizabeth Healthcare. We had gone through this process with regards to our Covington facility and believe a streamlined process would assist hospitals and patients.

Rural hospitals are one of the strongest economic engines in their communities, providing a stable workforce and good wages. St. Elizabeth Grant employs 114 associates and is one of the largest employers in the community. Stability is key to this success. A study soon to be released by Adam Edelen, Kentucky's Auditor of Public Accounts will verify the importance of rural hospitals to their communities as indicated in recent public speeches. As discussed above, the closure of such hospitals or the necessity of reducing their scope of services would result in residents of these areas having to travel longer distances to receive care. Kentucky needs to support its hospitals that are often the largest employer in their community and have been committed to providing care in their communities for many, many years.

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